

Comments on the Report of  
the Committee on World Economic Practices

1. The Committee on World Economic Practices has published a most valuable report. The Committee was fully aware that the success of the Soviet economic offensive in underdeveloped countries has been materially aided by several advantages which the Soviets enjoy in planning and administering these programs. By centralizing the authority for foreign economic endeavor, they have been able to offer attractive integrated programs with credits, trade, and technical assistance in one package. They have provided for flexible and rapid operation so that targets of opportunity can be quickly hit. They have specialized in soft loans which permit repayment much more readily. They have been willing to train local personnel while building plants on a "turnkey" basis, turning the enterprises over to local control and management upon completion.

2. Most seriously, they have been able, in some countries at least, to convince local government leaders that the USSR share a common interest with the underdeveloped world and that economic progress is best achieved through Soviet guidance.

3. The adoption of the recommendations contained in the report of the Committee on World Economic Practices would reduce, very materially, many of the economic advantages which the Soviets have enjoyed in pursuit of its goals in the underdeveloped Free World.

4. At the heart of the problem of countering the Soviet thrust has been the need of the underdeveloped countries for development capital. American private capital has not been reluctant to go overseas; indeed such investments now exceed \$40 billions. However, the bulk of these investment funds have gone to countries where the climate is receptive, such as in Canada. As the Committee report points out, "in many of the lesser developed countries which are today the main targets of the Sino-Soviet economic offensive, conditions are on the whole not attractive to private investment." The Committee report suggests many incentives and techniques which will induce a flow of private capital into these countries. This is especially valuable.

5. The recommendation that Americans who represent the US abroad should be most carefully selected and trained is well taken. This applies both to U.S. government and business personnel. One of the highlights of the Soviet program has been the high caliber and training of the technicians attached to their economic missions abroad.

6. Finally, and perhaps most important, it is essential, as the report strongly recommends, to assure that the current aspirations and institutions (image) of the US be fully understood and appreciated by the underdeveloped world and that the 19th Century Marxist picture

of capitalism be destroyed. At the same time, the cost in human freedom and dignity of Communist development should certainly be compared to this image the US seeks to create.